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S E C R E T SECTION 01 OF 03 SAN SALVADOR 003485

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FOR OIG FROM AMBASSADOR BARCLAY

E.O. 12958: DECL: 12/15/2015

TAGS: [AMGT](#) [ASIG](#) [BBG](#)

SUBJECT: OIG INSPECTION OF EMBASSY SAN SALVADOR -
AMBASSADOR'S POST MEMORANDUM - INTRIGUING OPPORTUNITIES AND
SERIOUS CHALLENGES

REF: STATE 210813

Classified By: AMBASSADOR H. DOUGLAS BARCLAY FOR REASONS 1.4 (B) AND
(D)

(C) Our relationship with El Salvador offers Embassy San Salvador both intriguing opportunities and serious challenges. During the 1980s, El Salvador suffered the most devastating internal conflict in all of Central America; fourteen years after the peace accords, it is the most politically stable country in the region. Its people are famously industrious, yet the country is critically poor. The government's economic policy is largely on the right road; yet El Salvador still lacks the institutional bases necessary for a strong and stable economy. The nation's leadership is capable, but its ranks are thin. Although the center-right has gradually democratized, the left is still dominated by its hard-line, orthodox element. The development of a democratic left ? capable of governing and willing to depart office following an electoral defeat ? is an important medium-term goal for the mission.

(C) President Tony Saca's ARENA government, elected in 2004, is an unabashedly pro-American administration in a rough neighborhood. The GOES has sent five rotations of troops to Iraq ? it is the only Latin American force still present -- has been a vocal supporter of the Free Trade Area of the Americas. El Salvador will benefit from the entry-into-force of the Central American Free Trade Agreement (CAFTA) in early 2006; although most attention has focused on increased trade with the US, El Salvador will also benefit both from the reduction of tariff barriers among Central American nations as well as from the series of reforms required for CAFTA certification. El Salvador has also qualified to compete with two other lower-middle-income countries for Millennium Challenge Account Funds. I expect the Millennium Challenge Corporation to choose El Salvador's project, which focuses on developing the country's poor, northern region, for funding sometime in mid-2006.

Mission Goals

(U) Our principal challenges into five broad groups. Our FY 2008 MPP, which will be submitted just prior to the inspection team's arrival at post, will address these in considerably greater detail.

(U) Economic: We want to create a diversifying private sector-led economy that grows by approximately four percent per year; to address bottlenecks that constrain domestic and international investment; and to promote further market opening and regional integration, as well as increased exports of US goods and services. We have worked with the Salvadoran Government toward the early, effective implementation of CAFTA-DR, which will be one of the most important pro-growth developments for El Salvador into the medium term future. CAFTA will help El Salvador increase its national competitiveness, institute more transparent business practices and better government services for local and foreign investors, and maintain momentum on economic reform and integration. USDA-funded programs continue to support agricultural diversification and non-traditional exports, reflected in agricultural sector growth rates that have reached 5%. Strong Embassy support for El Salvador's interest in the Millennium Challenge Account has resulted in GOES measures to reduce the costs of doing business and the corruption that undermines economic growth.

(U) Homeland Security: We need to stem the flow of illegal Salvadoran aliens to the United States; increase deportations those detained in the US; and strengthen El Salvador's capacity to control its borders. We provide training and equipment to immigration officials to ensure that they can identify fraudulent passports and visas. We are working closely with DHS and the GOES to establish an agreement on expediting the deportations of Salvadorans detained on immigration charges in the United States. We also offer extensive training and equipment to the border police in furtherance of their efforts against human smuggling and trafficking.

(U) Democracy and Human Rights: We are working with

Salvadoran officials in improving public institutions; seeking to increase the average citizen's participation in politics and community civic activities; addressing the capability of the armed forces to operate in support of peacekeeping, counter-terrorism, humanitarian/disaster relief and counter-drug operations; and encouraging development of a national security strategy that emphasizes military subordination to civil authorities.

(U) Law Enforcement: We will seek to strengthen the rule of law through reform of the justice system and modernization of laws and institutions while utilizing and improving international mechanisms for regional cooperation against crime. We have initiated a program to pair Spanish-speaking, U.S. federal judges with Salvadoran judges for the purpose of exchanging information and offering advice. USAID is working closely with Salvadoran counterparts to reform the legal system. The International Law Enforcement Academy, which was recently approved by the Salvadoran Legislature, will bring police officers and prosecutors from all over the western hemisphere to El Salvador to receive high-caliber training and to foster regional cooperation on law enforcement issues.

(U) Administrative Services: We will take advantage of collocation of USAID within the mission compound to carry out a model consolidation of State-USAID administrative resources. This process has not yet begun, in part due to skepticism on the part of USAID. However, our FY 2008 MPP submission will press this matter, with performance indicators reflecting a) study of overlap and decisions on how to resolve it, and b) actual implementation of the decision.

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Migration Issues the Biggest Headache

(C) Of these, the border issue is likely to be the greatest political challenge. The United States is an enormous attraction to Salvadorans of all ages, but especially to the young. One recent survey showed that seventy percent of Salvadorans would immigrate to the US if possible. The GOES suggests that up to two million Salvadoran citizens currently live in the US. Bands of immigrant smugglers, popularly known as "coyotes," find illegal immigration to be a profitable undertaking, and have achieved folk hero status in parts of the country. Salvadorans resident in the US sent approximately \$3 billion in remittances to El Salvador during calendar year 2005, seventy percent of El Salvador's foreign exchange as well as a sum that provided a life-line to many Salvadorans, particularly in small towns and rural areas. Extension of temporary protected status for several hundred thousand qualified Salvadorans currently in the US is a major priority for Sacas's government. The GOES has, however, cooperated with US efforts to pursue the Border Security Initiative (BSI), participating actively in a bilateral working group (chaired by the Deputy Minister of Governance and the Embassy's Political Counselor) seeking to work through the issues involved. Our efforts to pursue the BSI will have indirect costs for the US; much of El Salvador's pro-Americanism is based on family ties with Salvadorans living (legally and illegally) in the US, as well as on the typical Salvadoran's moving adherence to the American dream.

(C) Addressing deficiencies in El Salvador's legal and law enforcement systems will also be a major challenge. The creation of the National Civilian Police (PNC) following the end of the civil war has been a model for the region. Nonetheless, the police force is underfunded, and struggling without success against steadily increasing criminality. Street crime and extortion is of increasing concern here. Salvadoran gang crime is a threat both here and in the US; issues surrounding the deportation of gang members illegally in the US form an important concern within our bilateral relationship. The criminal and civil justice system is slow, cumbersome and unpredictable. A perceived lack of judicial security could prove an important disincentive to foreign investment here.

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High Embassy Morale

(U) Embassy morale is high, although the fact that El Salvador is a critical crime-threat post is a concern. Approximately five hundred employees (including security contractors) work on our twenty-six acre embassy campus. Housing is good, and schools adequate. We have an active and effective CLO office. Entry-level officers play an important role in the Embassy's operations and social-life; they enjoy a model mentoring program that couples ELOs with experienced mid-level officers in their cone. I am proud that San Salvador is considered a very family-friendly post. We have an experienced and capable Management section. I am particularly proud of our Consular section, which is known throughout the Department for its originality and professionalism.

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Interagency Challenges

(S/NF) Sixteen agencies are represented at our mission, and we are likely to add one other (the Millennium Challenge Corporation) sometime next year. Relations among the mission's sections are cordial and good, but coordination of our work (especially among the many agencies with law-enforcement responsibilities) requires considerable front-office attention. The reestablishment of San Salvador's CIA station as a country-specific (rather than a regional) station will help reinforce collection of intelligence specifically related to Salvadoran domestic politics and foreign policy, which I have found disappointing. The creation of a permanent Legal Attach ,s office (following coverage by TDY personnel from the FBI) will reinforce cooperation with Salvadoran officials on international crime, particularly that related to gangs. So will the permanent establishment of the International Law Enforcement Academy (ILEA) San Salvador, which will bring law enforcement personnel (police, prosecutors and judges) from throughout Latin America to El Salvador for training. I look forward to talking to you about State-USAID consolidation issues.

(U) One OIG recommendation remains unresolved from the last inspection. We have repeatedly sought to obtain funding that would allow us to expand Consular Section space. We will be pleased to discuss our options for addressing this problem, and will ask for your support in resolving it.

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Welcome to San Salvador

(U) I think you will agree that we have a great team, across the board, here in Embassy San Salvador. I look forward to seeing you early next year.
Barclay